

Week of March 29th to April 2nd, 2021

Legislative Update



April 2nd is the 87th day of the legislative session and 1,708 bills have been introduced, 195 bills have passed both chambers and 167 bills have been signed by the Governor.

Short Term Rentals Update:

All hopes of getting short-term rental reform this year are now dead. The short-term rental industry representatives specified they will not agree to any of the measures that the cities proposed during negotiations this month. Yesterday afternoon the industry bill, SB 1379, which contained minimal and insufficient reform measures failed on the House floor with a vote 17-43. The lopsided vote was indicative of House members who either saw the bill as insufficient or other members who believe reform is unnecessary.

Overview of Bills

SHORT-TERM RENTALS

DEAD: SB 1379 – Vacation Rentals; Short-Term Rentals; Enforcement – Allows local governments to regulate short-term rentals by requiring the owner obtain liability insurance. Replaces civil penalties for verified violations and caps locally-imposed civil penalties at the prescribed amounts. Allows the Arizona Department of Revenue (ADOR) to suspend a short-term rental owner's transaction privilege tax (TPT) license.

More specifically, SB 1379:

- Allows a local government to require a short-term rental owner to: a) maintain liability insurance appropriate to cover the short-term rental in the aggregate of at least \$500,000; or b) advertise and offer each short-term rental through a hosting platform that provides at least \$500,000 in liability insurance coverage.
- Allows ADOR to suspend for one year the TPT license of a short-term rental owner that has three verified violations within the same 12-month period.
- Caps, at \$1,000, the civil penalty a local government may impose on a short-term rental owner for every 30 days the owner fails to provide contact information for a person responsible for responding to complaints, if required by local ordinance.

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- Caps the civil penalty a local government may impose on a short-term rental owner at: a) the greater of \$500 or one night's rent, as advertised on an online lodging marketplace, for the first verified violation; b) the greater of \$1,000 or two night's rent, as advertised on an online lodging marketplace, for the second verified violation on the same property within 12 months; and c) the greater of \$3,500 or three night's rent, as advertised on an online lodging marketplace, for the third and any subsequent verified violation on the same property within 12 months.
- Replaces the statutory civil penalties for a verified violation, if a local government does not impose a civil penalty, with: a) the greater of \$500 or one night's rent as advertised on an online lodging marketplace for the first verified violation, rather than \$500; b) the greater of \$1,000 or two night's rent as advertised on an online lodging marketplace for the second verified violation on the same property within 12 months, rather than \$1,000; and c) the greater of \$3,500 or three night's rent as advertised on an online lodging marketplace for the third and any subsequent verified violation on the same property within 12 months, rather than the greater of \$1,500 or 50 percent of the lodging accommodation's gross monthly revenues for the month the violation occurred

Status: *Introduced by Senator J.D. Mesnard (R-Chandler). After passing the Senate with a vote 27-3 the bill passed the House Commerce Committee with a vote of 10-0. The bill is awaiting action in the House Committee of the Whole. Amendments to address the cities concerns would likely be offered in the Committee of the Whole.*

Action: *Oppose. The provisions of this bill will not provide the necessary relief that the city and its residents need to offset the negative impacts of short-term rentals.*

DEAD: [HB 2481 – Short-Term Rentals; Enforcement; Penalties](#) – Would modify the list of regulations that counties and municipalities are authorized to impose on vacation rentals or short-term rentals to include:

- A requirement for the owner of a short-term rental to license or register with the county or municipality.
- The ability to restrict the occupancy of a short-term rental to the lesser of the occupancy limit of the county or municipality or two adults per bedroom plus two additional adults.
- Prohibiting short-term rentals from advertising to exceed the occupancy limit of the dwelling or for any nonresidential use.
- Allowing counties and municipalities to impose a civil penalty for each day a property is in violation of this advertisement prohibition and provides that an online lodging operator that falsifies information to an online lodging marketplace is guilty of a petty offense.

Status: *Introduced by Representative John Kavanagh (R-Fountain Hills) and has passed the House Government & Elections and is currently being held in the Rules committee.*

Action: *Support.*

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PUBLIC SAFETY; HEALTH ISSUES

SB 1220 – Mental Health Professionals; Trauma Counseling – Expands the definition of “licensed mental health professional” to include mental health professionals who are licensed by the Board of Behavioral Health Examiners and who hold either a master’s or doctoral degree related to the mental health profession, for the purpose of programs which provide peace officers and firefighters with traumatic event counseling.

Status: *Introduced by Senator Rick Gray (R-Sun City). An amended version passed the Senate, and the House Health and Human Services and Rules committees. SB1220 is awaiting a final vote in the House.*

Recommendation: *Support*

SB 1373 – Health Facilities; Duty of Care – Licensed health care institutions that provide congregant or residential care and the institution's employees and agents have an affirmative duty of care for their residents. These institutions are required to provide basic life support and first aid, in accordance with that resident's advance directives and do-not-resuscitate order, including initiating immediate cardiopulmonary resuscitation (CPR) before the arrival of emergency medical services, to a resident who experiences symptoms of cardiac arrest or cessation of respiration. Staff who are certified in CPR and first aid must be available at the health care institution at all times. These institutions are prohibited from implementing policies that prevent employees from providing immediate CPR, first aid or emergency care to the institution's residents.

Status: *Introduced by Senator Nancy Barto (R-Phoenix) and an amended version passed the Senate with a vote of 25-5. SB1407 passed the House Health and Human Services Committee and is waiting a vote on the House floor.*

Action: *Support*

NEW LAW: SB 1407 – DUI; Incarceration Credits; Calculation – Requires a person who receives time-served credit towards a mandatory term of incarceration for driving under the influence (DUI) to serve at least 12 consecutive hours for each day of credit.

Status: *Introduced by Senator Warren Petersen (R-Gilbert) and has passed both the Senate and the House. **SB1407 was signed by Governor Ducey on March 26th.***

Action: *Support*

SB 1451/HB 2506 – Workers’ Compensation; Rates; Firefighters; Cancer – Adds fire investigators to cancer presumption arising out of employment if special conditions are met. Requires carriers who secure workers’ compensation for firefighters and fire investigators to report claim and claim reserve information for all cancer-related claims to the Industrial Commission. Requires the Commission to make available the claim-related information collected to assist with setting of workers’ compensation rates. Allows one additional uniform percentage deviation increase in addition to the six already authorized, to be used by insurers covering firefighters and fire investigators.

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Status: *SB1451 was introduced by Senator Paul Boyer (R-Glendale) and an amended version passed in the Senate on February 18th. It has passed the House Military Affairs and Public Safety Committee and is waiting a vote on the House floor.*
HB2506 was introduced by Representative Kevin Payne (R-Peoria) and an amended version passed in the House on March 4th. It has passed the Senate Commerce Committee and is waiting a final vote on the Senate floor.

Action: *Support*

DEVELOPMENT, HOUSING & ZONING

NEW: [SB 1520 – Municipality; General Plan; Adoption; Amendment](#) - Would require all major amendments to the general plan of a municipality to be proposed for adoption by the governing body of the municipality at a public hearing within 12 months, rather than at a single public hearing during the calendar year.

Status: *SB 1520 was introduced by Senator Sonny Borrelli (R-Lake Havasu) and after passing the Senate with a vote of 30-0, has passed the House Government Committee with a vote of 11-0 and is awaiting a final vote on the House floor.*

Action: **Watch.** *There is a possibility this bill could receive an amendment that would place requirements on a municipality to consider impacts to private property rights when making changes to the general plan.*

DEAD: [HB 2562 / SB 1327 – Affordable Housing; Tax Credit](#) – Establishes a credit against individual and corporate income taxes and insurance premium taxes for projects that qualify for the federal low-income housing tax credit and that are placed in service from and after June 30, 2022. The Department of Revenue is required to allocate a total of \$8 million of affordable housing tax credits in any calendar year. Establishes a 9-member Affordable Housing Tax Credit Review Committee to review the tax credits.

Status: **DEAD:** *HB 2562 was introduced by Representative Regina Cobb (R-Kingman) and an amended version is still awaiting third read in the House.*
DEAD: *SB 1327 was introduced by Senator David Gowan (R-Sierra Vista) and passed in the Senate on February 17th with a vote of 17-13. It has been assigned to the House Ways and Means Committee but is not yet calendared.*

Action: *Support*

DEAD: [HB 2489 – Appropriation; Affordable Housing](#) – Appropriates \$25 million from the general fund in FY2021-22 to the Housing Trust Fund.

Status: *Introduced by Representative Cesar Chavez (D-Phoenix) and passed the House Committee of the Whole and is awaiting a final vote.*

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Recommendation: *Support.*

SB 1409 – Zoning Ordinances; Property Rights; Costs – Before adopting any zoning ordinance or zoning ordinance text amendment of general applicability, the legislative body of a municipality would be required to consider and adopt an individual property rights cost of housing impact statement regarding the impact of the zoning ordinance, which must include a list of specified information. Municipalities would be prohibited from adopting or enforcing a land use regulation that unreasonably increases the cost to construct housing for sale or rent.

Status: *Introduced by Senator Warren Petersen (R-Gilbert) and an amended version passed in the Senate on March 3rd with a vote of 16-14. SB 1409 has passed the House Government and Elections Committee and is awaiting a vote in the House Committee of the Whole.*

Action: *Oppose*

ENVIRONMENT & NATURAL RESOURCES

SB 1366 S/E – Remediated Water; Groundwater; Use – Will extend the current exemption for the pumping of groundwater for remediation, in specific instances, from years 2025 to 2050.

Status: *Introduced by Senator Sine Kerr (R-Buckeye) and an amended version passed unanimously in the Senate on February 17th. A strike-everything amendment to simplify the provisions of the bill passed the House Natural Resources, Energy and Water Committee unanimously on March 23rd. SB 1366 is awaiting a final vote on the House floor.*

Action: *Support. This is the City of Scottsdale's bill.*

HB 2127 – Appropriation; State Parks; Heritage Fund – Appropriates \$10 million from the general fund in FY2021-22 to the Arizona State Parks Heritage Fund. The Legislature reinstated the Heritage Fund in 2019 but did not provide any funding. If funded, the Heritage Fund would provide funding for State Parks, historic preservation projects, trails, and outdoor and environmental education.

Status: *Introduced by Senator Sine Kerr (R-Buckeye). HB2127 passed in the House on February 11th. The bill passed the Senate Appropriations Committee on March 23rd and is waiting a vote in Rules Committee.*

Action: *Support.*

DEAD: HB 2248 / SB 1175 – Corporation Commission; Electric Generation Resources – SB 1175 would prohibit the Arizona Corporation Commission, without express legislative authority, from adopting or enforcing a policy, decision or rule that directly or indirectly regulates the types of "critical electric generation resources" (defined) used or acquired by public service corporations within Arizona's energy grid. Does not apply to any policy, decision or rule adopted before June 30, 2020. The bill does not prohibit the ACC from setting electricity rates for public service corporations. Retroactive to June 30, 2020.

DEAD: HB 2248, which was heavily amended now declares that it is the public policy of Arizona that public service corporations should pursue using clean energy resources and

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reducing carbon emissions provided the mix of generation resources is the lowest cost method of providing safe and reliable electricity when considering system-wide costs to meet customer demand.

The bill now requires public service corporations to derive at least the following percentage of retail kilowatt sales from renewable energy resources by the following dates:

- 12% by December 31, 2022
- 13% by December 31, 2023
- 14% by December 31, 2024
- 15% by December 31, 2025 and each year thereafter.

Clarifies that these requirements do not prohibit the Arizona Corporation Commission from exercising its ratemaking or statutory authority over public service corporations.

Authorizes the Arizona Corporation Commission to adopt rules to ensure public service corporations comply with this act.

Prohibits the Arizona Corporation Commission from adopting or enforcing any policy, decision or rule that increases or decreases the renewable energy generation thresholds specified in this act or that regulates public service corporations' carbon emissions

Status: **DEAD:** HB 2248 was introduced by Representative Gail Griffin (R-Herford) and an amended version passed in the House on March 3rd with a vote of 31-28. It is scheduled to be heard in the Senate Appropriations Committee on March 31st.

DEAD: SB 1175 was introduced by Senator Sine Kerr (R-Buckeye) and is awaiting a vote in the Senate Committee of the Whole but has been retained twice.

Recommendation: *Oppose.*

DEAD: HB 2737 – Corporation Commission Actions; Investigation – Would allow a state lawmaker to direct the Attorney General to investigate the Arizona Corporation Commission (ACC) for any decision, order, rule adoption or amendment that the lawmaker alleges is beyond that agency's authority. The provisions apply only to actions taken by the ACC after the effective date of this bill (Summer 2021).

Status: *Introduced by Representative Jacqueline Parker (R-Mesa) and passed the House Natural Resource and Water and Rules committees and is awaiting a final vote.*

Recommendation: *None. Bill is likely dead for the year.*

FINANCE

NEW: SB 1146 S/E – Motor Vehicle Dealers; TPT Exemption – Removes the current requirement that a motor vehicle dealer ship or deliver a motor vehicle to a destination outside of Arizona on a sale to a non-Arizona resident for use outside of Arizona in order for the sale to be exempt from the state and local TPT.

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Status: *The underlying bill was introduced by Senator T.J. Shope (R-Coolidge), the strike-everything amendment to SB 1146 was introduced by Representative Frank Carroll (R– Sun City West) and passed the House with a vote of 31-28. The bill has been assigned to a conference committee where amendments can be offered.*

Action: *Oppose. The provisions of the bill would result in a loss of TPT to municipalities.*

DEAD: [SB 1252 – Corporate Income Tax; Phase Out](#) – Phases out the corporate income tax rate over tax years 2022 to 2031 by reducing the rate 0.49 percent per year. For tax years beginning January 1, 2031, the rate is set to zero. Previously, the corporate income tax rate was 4.9 percent of net income for tax years beginning with 2017.

Status: *Introduced by Senator Warren Petersen (R- Gilbert) and an amended version passed in the Senate on March 3rd with a vote of 16-14. SB 1252 has been assigned to the House Ways and Means Committee but has not been calendared.*

Action: *Oppose. Because cities receive a portion of the state income tax, this tax cut would have substantial negative impact to city revenues from the state-shared revenue distribution.*

LAW ENFORCEMENT

DEAD: [SB 1333 – Law Enforcement; Budget Reduction; Prohibition](#) – Municipalities would be prohibited from reducing the annual operating budget for a law enforcement agency by any amount below the previous year's budget. If a municipality reduces the annual operating budget for a law enforcement agency, the municipality is required to notify the State Treasurer of the reduction, and the State Treasurer is required to withhold any state shared monies from the municipality in an amount equal to the amount of the reduction of the annual operating budget for the law enforcement agency. Some exceptions. The State Treasurer is required to deposit any amounts withheld in the newly established Law Enforcement Support Fund. If a municipality reduces the annual operating budget for a law enforcement agency by more than 25 percent, the State Treasurer is required to withhold state shared monies in an amount equal to the law enforcement agency's entire budget for the previous year. If a municipality reduces a law enforcement agency's budget by more than 25 percent, the municipality is required to notify the county sheriff, that sheriff is authorized to assume law enforcement functions for that municipality, and the State Treasurer is required to provide all state shared monies withheld from the municipality to the county sheriff's department. The State Treasurer is required to continue to withhold state shared monies until notification from the municipality that the budget reduction has been restored. More. Retroactive to January 1, 2021.

Status: *Introduced by Senator David Gowan (R-Sierra Vista). SB1333 passed the Senate Appropriations and Rules committees in February and is awaiting a final vote. This bill is likely dead for the year.*

Recommendation: *Oppose*

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HB 2152 – Police; Camera Recordings; Required Redactions – Requires that prior to a law enforcement agency releasing a copy of a video recording from an officer's body-worn camera to the public, the law enforcement agency must redact any portion of the video recording that shows the face or an identifiable body part of any person who appears in the video recording if the person is not the subject of a police investigation or enforcement action and the person was located in a private location or in a public location with an expectation of privacy, the person is a victim of or witness to a crime, or the person was in a state of undress and specified areas of the person's body were not covered. Does not apply to a person who provides the law enforcement agency with a written waiver to release the video recording without any redactions.

Status: *Introduced by Representative John Kavanagh (R-Fountain Hills) and passed in the House with a vote of 31-29. HB 2152 has passed the Senate Judiciary and Rules committees and is waiting a vote in the Senate Committee of the Whole.*

Recommendation: *Neutral*

DEAD: HB 2348 - Failure; Return Vehicle; Offense; Repeal – Would repeal current law regarding the crime of unlawful failure to return a motor vehicle subject to a security interest which.

Status: *Introduced by Representative Daniel Hernandez (D-Tucson) and passed the House on February 24th. After discussion, HB 2348 was held in the Senate Judiciary Committee on March 18th.*

Recommendation: *Support. The current law essentially makes city law enforcement one of the primary means for repossession of vehicles in instances where the owner is delinquent on vehicle payments.*

DEAD: HB 2420 – Law Enforcement Budget; Reduction; Certification – Stipulates that by October 15th of each year, counties and municipalities are required to certify in writing to each state agency through which the county or municipality receives any state monies that there has been no disproportionate funding reductions to the county's or municipality's law enforcement agency. The certification must include a statement that any reduction in funding or proposed funding to the law enforcement agency is a result of reduced revenue collection and the reduction in law enforcement agency funding is "proportionate" (defined) to the reduction in revenue. A county or municipality that has disproportionately reduced its law enforcement agency funding is not eligible to receive state shared monies. The State Treasurer is required to continue to withhold state shared monies until certification from the county or municipality that the reduction in the law enforcement agency's budget has been restored to a proportionate amount.

Status: *Introduced by Representative Frank Carroll (R-Sun City West) and failed on third read.*

Recommendation: *Oppose.*

TOURISM

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DEAD: [HB 2161 – Tourism Marketing Authorities](#) – Allows the governing body of one or more municipalities and/or a county with a population of less than 2 million persons (all but Maricopa County) to adopt a resolution, upon presentation of a petition signed by the owners of at least 67 percent of the transient lodging rooms in the geographic area, forming a “tourism marketing authority” to promote and enhance tourism in that geographic area. Establishes powers and duties of a tourism marketing authority, including authorization to levy an assessment of up to \$5 per room on transient lodging rooms sold per night. A tourism marketing authority is governed by a board of directors, and budgeting, recordkeeping and reporting requirements for the board are specified. Establishes a process for termination of a tourism marketing authority.

Status: *Introduced by Representative Steve Kaiser (R-Phoenix) and failed on February 23rd with a final vote in the House of 28-32; However, upon motion to reconsider and an amendment, HB 2161 passed on March 3rd with a vote of 38-20. It is currently awaiting calendaring in the Senate Commerce Committee.*

Recommendation: *Neutral*

ALCOHOL, TOBACCO, FIREARMS, & FIREWORKS

NEW: [HB 2367 – Special Event Licenses; Issuance](#) – The Department of Liquor Licenses and Control is authorized to issue a temporary special event liquor license to a nonprofit entity held at a physical location owned by a nonprofit entity or an organization organized under section 501(c) of the federal Internal Revenue Code if the proceeds of the event are for a charitable or nonprofit purpose and the event has not been previously cited for any violations of liquor statutes.

Status: *Introduced by Representative Kevin Payne (R-Peoria) and passed the House on February 23rd. HB 2367 passed the Senate Commerce Committee and is awaiting a vote in the Rules Committee.*

Recommendation: *Oppose*

[HB 2551 – Misconduct Involving Weapons; Public Places](#) – A person commits misconduct involving a weapon by knowingly carrying a deadly weapon except a pocketknife concealed on his person or within his immediate control in or on a means of transportation among other statutorily prescribed situations. Unless specifically authorized by law, misconduct involving a weapon also occurs when entering any public establishment or attending any public event and carrying a deadly weapon after a reasonable request by the operator of the establishment or sponsor of the event to remove the weapon and place it in the custody of the establishment.

Status: *Introduced by Representative John Kavanagh (R-Scottsdale) and passed the House on February 24th with a vote of 31-29. HB 2551 passed the Senate Judiciary Committee on March 18th and is awaiting a vote in the Rules Committee.*

Recommendation: *Oppose*

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HB 2556 – Tobacco; Vaping; Penalties; Legal Age – It would be unlawful for a person to knowingly sell, give or furnish a tobacco product, vapor product or any instrument or paraphernalia solely designed for smoking or ingesting tobacco or shisha to a person who is under the minimum age of sale for tobacco products as set by the Federal Food, Drug, and Cosmetic Act, instead of to minors. Establishes penalties for violations, including mandatory attendance at a court-approved tobacco retailer educational course and graduated fines. In addition to the fines, if a person commits a second or subsequent violation, the court is required to prohibit the enterprise from selling, giving or furnishing tobacco products or vapor products for a specified period based on the number of violations. Beginning January 1, 2022, each tobacco products or vapor products retailer is required to keep records to separately show the gross proceeds of sales of tobacco products and vapor products and the gross proceeds of sales or gross income derived from sales of other forms of tangible personal property or other business activities subject to transaction privilege taxes, and report the sales separately to the Department of Revenue.

Status: *Introduced by Representative Joanna Osborne (R-Goodyear) and an amended version passed the House on February 24th with a vote of 57-2. HB 2556 is awaiting calendaring in the Senate Commerce Committee.*

Recommendation: *Support*

DEAD: HB 2623 - Fireworks; Use; Overnight Hours; Prohibition – Would allow counties and cities to prohibit the use of permissible consumer fireworks between the hours of 10PM and 8AM.

Status: *Introduced by Representative Amish Shah (D-Phoenix) and passed in the House on February 24th with a vote of 35-24. Also passing the Senate Commerce Committee on March 10th, the bill is waiting to be calendared in the Senate Appropriations Committee. The bill is likely dead for the year.*

Recommendation: *Support*

MISCELLANEOUS

DEAD: SB 1687 – Governmental Entities; Social Media; Prohibitions – Prohibits a "governmental entity" at any level from using a social media platform for any official or governmental purpose. A governmental entity is prohibited from giving or controlling a social media account to or for an "elected official". Does not apply to a personal social media account operated by an elected official.

Status: *Introduced by Senator Michelle Ugenti-Rita (R-Scottsdale) and passed in the Senate Transportation & Technology Committee on February 15th with a vote of 5-4; but has not been assigned a hearing in the Senate Rules Committee.*

Recommendation: *Oppose. This would prohibit the City and the Council from using social media to communicate to the public.*

SB 1797/ HB 2772 - Fantasy Sports Betting; Event Wagering – Would authorize electronic keno and mobile draw games outside the jurisdiction of an Indian tribe and would legalize betting

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on fantasy sports in Arizona. Enactment of these provisions would be contingent on passage of the 2021 gaming compact amendments.

Status: **DEAD:** *SB 1797 was introduced by Senator T.J. Shope (R-Coolidge) and an amended version passed in the Senate Commerce Committee on February 17th with a vote of 6-3. The bill is currently being held in the Appropriations Committee.*
HB 2772 was introduced by Representative Jeff Weninger (R-Chandler) passed the House on March 4th. The bill passed the Senate Commerce Committee and is awaiting a final vote on the Senate floor.

Recommendation: *Neutral*

HB 2570 – Licenses; Pandemics; Revocation Prohibition – State and local governments would be prohibited from revoking any license that is required to operate a business for not complying with an order issued by the Governor due to a state of emergency proclaimed by the Governor for an epidemic or pandemic disease, unless the agency, county or municipality can demonstrate by clear and convincing evidence that the business was the actual cause of transmission of the disease that is the subject of the order.

Status: *Introduced by Representative Jake Hoffman (R-Queen Creek) and passed the House on March 15th. It passed the Senate Government Committee and is awaiting of vote on the Senate floor.*

Recommendation: *Oppose*